

LEG. FINANCE - BILLS 1975 - 1976 455

HB 669 cont. thru CSHB 674 455

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. R. D. Stevenson  
February 10, 1976  
Page 5

(e) A continuing appropriation for other purposes was upheld in Shapley v. Frohmiller, 165 P. 2d 306 (Ariz., 1946).

I urge that House Bill No. 669 be adopted as soon as possible for the benefit of the present and future holders of bonds of the State, and thereby for the benefit of the State, which will undoubtedly be borrowing money in the future, and also for the direct benefit of the State. If you have any further question as to the foregoing, please let me know.

Sincerely yours,

*C. Richard Walker*

cc: Mr. John R. Messenger  
Mr. Arthur H. Peterson  
Mr. Eric E. Wohlforth

Original Sponsor: Rules Committee by  
Request of the Governor

Offered: 4/30/76  
Referred: Rules

IN THE HOUSE

BY THE FINANCE COMMITTEE

*Drafted by Dept. of Revenue*  
*Not approved*

SENATE CS FOR CS FOR HOUSE BILL NO. 669

IN THE LEGISLATURE FOR THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the payment of debt service on bond anticipation notes; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 37.15.310 is amended to read:

Sec. 37.15.310. ISSUANCE OF NOTES. The state bond committee shall issue notes for the amounts borrowed with a maturity date not to exceed one year from the date of issue. All the notes (AND THE INTEREST THEREON) are payable at a fixed place, on or before a fixed time, or at a fixed time, from the proceeds of the sale of bonds, in anticipation of which the original note or notes were issued, unless the bonds have not been sold by the maturity date of the notes. Interest on the notes is payable at a fixed place, on or before a fixed time, out of appropriations made for the payment of interest on general obligation notes or bonds of the State.

\* Sec. 2. AS 43.08 is amended by adding a new section to read:

Sec. 43.08.035. ANNUAL APPROPRIATION. (a) There is appropriated each fiscal year from the general fund the amount necessary for the payment of interest on revenue anticipation notes issued under this Chapter.

(b) The commissioner shall submit a report to the legislature by the third Monday of each January setting out in detail the amount appropriated from the general fund under this section for the previous fiscal year, the amount anticipated during the current fiscal year, and an amount forecast for the next fiscal year.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

COMMITTEE REPORT

SENATE

4/18/76

Mr. President:

Date

4/30/76

The Committee on Finance has had CSHB 669 making a continuing appropriation for the payment of debt service on g.o. bonds under consideration. A Majority of the members of the Committee of state

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR CSHB 669 AND THAT CS FOR CS H 669 DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Bill Kay \_\_\_\_\_  
John ... \_\_\_\_\_  
Shirley ... \_\_\_\_\_  
K. Poland \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

Bill Kay Chairman

Original Sponsor: Rules Committee by  
Request of the Governor

Offered: 4/30/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 669

3

IN THE LEGISLATURE FOR THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the payment of debt service on

7

bond anticipation notes; and providing for an effective

8

date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

\* Section 1. AS 37.15.310 is amended to read:

11

Sec. 37.15.310. ISSUANCE OF NOTES. The state bond committee

12

shall issue notes for the amounts borrowed with a maturity date not to

13

exceed one year from the date of issue. All the notes [AND THE INTEREST

14

THEREON] are payable at a fixed place, on or before a fixed time, or

15

at a fixed time, from the proceeds of the sale of bonds, in anticipation

16

of which the original note or notes were issued, unless the bonds have

17

not been sold by the maturity date of the notes. Interest on the

18

notes is payable at a fixed place, on or before a fixed time, out of

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appropriations made for that purpose.

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\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

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10.070(c).

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COMMITTEE REPORT

4/26/76

SENATE

Mr. President:

Date 4/27/76

The Committee on Finance has had CSHB 669 making a continuing appropriation for the payment of debt service on general under consideration. A Majority of the members of the Committee obligation bonds of state

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Greg Ray \_\_\_\_\_  
John L. ... \_\_\_\_\_  
J. ... \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

Bob ... recommends: No. ...  
V.K. ... recommends: " "  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

Greg Ray Chairman

AMENDMENT

OFFERED IN THE SENATE:

By: RAY

To: CS SENATE BILL No. \_\_\_\_\_

HOUSE BILL No. 669

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 1, line 18: change "becomes" to "become"

line 21: delete "under AS 43.08"

line 23: insert "state" before "bond committee"

Page 2, line 2: after "notes" insert "issued under this chapter"

*Adopted*

HB669

January 29, 1976

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to provide for a continuing appropriation each fiscal year from the general fund for the payment of principal and interest on all general obligation bonds of the state. To this extent, the proposed bill is identical to HB 482 introduced last session. The present bill, in addition, provides for an appropriation each fiscal year from the general fund money for payment of interest on bond anticipation notes issued in anticipation of general obligation bonds and on revenue anticipation notes of the state.

The inclusion of a continuing appropriation for payment of principal and interest on general obligation bonds is made on the advice of State bond counsel, Mr. C. Richard Walker of San Francisco. Mr. Walker has stated that the language contained in the proposed bill should be enacted into law in order that bondholders would be secure and the state in a better position if the necessary appropriation is made, once and for all, before the bonds are issued. After the sale held on May 6, 1975 at which time \$42,000,000 of the State of Alaska general obligation bonds were sold, there remained \$177,360,000 of State of Alaska general obligation bonds which had been authorized but were unissued. Passage of the proposed bill, in the opinion of the state bond counsel, would enhance future sales of authorized but still unissued state general obligation bonds by giving more credibility to the security of the bonds.

By extending the bill to also cover interest on bond anticipation notes issued in anticipation of general obligation bonds, the state may, during a period when state general obligation bonds are not as attractive as other investment, sell short-term notes instead. The

HB 669

interest on those notes would automatically be paid from the general fund. The inclusion of bond anticipation notes in the proposed bill would improve the marketability of these notes and reduce or eliminate possible problems arising from incorrect estimates of debt services to become due in a particular year.

By extending the bill to cover interest on revenue anticipation notes, interest on these notes would automatically be paid from the general fund when issued by the commissioner of revenue.

Sincerely,

Jay S. Hammond  
Governor

Original sponsor: Rules Committee by  
request of the Governor

Offered: 4/3/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the pay-  
7 ment of debt service on general obligation bonds of the  
8 state, bond anticipation notes, and revenue antici-  
9 pation notes; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 37.15 is amended by adding a new section to read:

12 ARTICLE 4. MISCELLANEOUS PROVISIONS.

13 Sec. 37.15.600. ANNUAL APPROPRIATION. (a) There is appropriated  
14 each fiscal year from the general fund the amount necessary for the  
15 payment of the principal of and interest on all general obligation bonds  
16 of the state authorized before or after the effective date of this sec-  
17 tion in accordance with art. IX, sec. 8 of the Alaska Constitution, as  
18 the principal and interest becomes due and payable.

19 (b) There is appropriated each fiscal year from the general fund  
20 the amount necessary for the payment of interest on bond anticipation  
21 notes issued under AS 43.08 in anticipation of general obligation bonds  
22 of the state.

23 (c) The bond committee shall submit a report to the legislature by  
24 the third Monday of each January setting out in detail the amount appro-  
25 priated from the general fund under this section for the previous fiscal  
26 year, the amount anticipated in the current fiscal year, and an amount  
27 forecast for the next fiscal year.

28 \* Sec. 2. AS 43.08 is amended by adding a new section to read:

29 Sec. 43.08.035. ANNUAL APPROPRIATION. (a) There is appropriated

1 each fiscal year from the general fund the amount necessary for the  
2 payment of interest on revenue anticipation notes.

3 (b) The commissioner shall submit a report to the legislature by  
4 the third Monday of each January setting out in detail the amount appro-  
5 priated from the general fund under this section for the previous fiscal  
6 year, the amount anticipated during the current fiscal year, and an  
7 amount forecast for the next fiscal year.

8 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
9 070(c).

Introduced: 1/29/76  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 669

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for the  
7 payment of debt service on general obligation bonds  
8 of the state, bond anticipation notes, and revenue  
9 anticipation notes; and providing for an effective  
10 date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 \* Section 1. AS 37.15 is amended by adding a new section to read:

13 ARTICLE 3. MISCELLANEOUS PROVISIONS.

14 Sec. 37.15.815. ANNUAL APPROPRIATION. (a) There is appropriated  
15 each fiscal year from the general fund the sum of money necessary for  
16 the payment of the principal of and interest on all general obligation  
17 bonds of the state authorized before or after the effective date of  
18 this section in accordance with art. IX, sec. 8 of the Alaska Constitu-  
19 tion, as the principal and interest become due and payable.

20 (b) There is appropriated each fiscal year from the general fund  
21 the sum of money necessary for the payment of interest on bond antici-  
22 pation notes issued in anticipation of general obligation bonds and  
23 on revenue anticipation notes.

24 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

2/6/90  
Date

"An Act relating to public employees' retirement system benefits; effective date."

## COMMITTEE REPORT

4/12/76

HOUSE

By Speaker:

Date \_\_\_\_\_

The Committee on FINANCE has had HB 670

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

"An Act relating to public employees' retirement system benefits; and providing for an effective date."

### COMMITTEE REPORT

1/29/76

HOUSE

FINANCE

Mr. Speaker:

Date 4/9/76

The Committee on STATE AFFAIRS has had HB 670

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

<u>Joe McKinnon</u>	_____	_____
<u>M. Miller</u>	_____	_____
<u>Bin Paul</u>	_____	_____
<u>_____</u>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Joe McKinnon Chairman

AMENDMENT # 1

OFFERED IN THE HOUSE:

By: STATE AFFAIRS

To: \_\_\_\_\_ HOUSE BILL No. 670

SENATE BILL No. \_\_\_\_\_

PAGE: 5

LINE: 29

After the word "his", insert the word "gross".

Page 8, Line 15:

Insert new Section 23 and renumber remaining section appropriately:

"Sec. 23. A person receiving retirement benefits under AS 39.35.430 on the effective date of this Act is eligible to receive any increased benefits resulting from the amendment of AS 39.35.430 made by this Act."

Introduced: 1/29/76  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 670

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public employees' retirement  
7 system benefits; and providing for an effective  
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 39.35.400(b) is repealed and re-enacted to read:

11 (b) The nonoccupational disability pension benefits accrue  
12 beginning the first day of the month following termination of employ-  
13 ment as a result of the disability. If a final determination granting  
14 the pension is not made in time to pay the first month's pension when  
15 due, a retroactive payment shall be made to cover the period of defer-  
16 ment. Benefits shall be continued after one year from the date of  
17 appointment to nonoccupational disability only if the disabled person  
18 fulfills the requirements set out in (e) of this section. The last  
19 payment shall be for the month in which (1) the death of the disabled  
20 employee occurs, or (2) the month in which the disabled employee  
21 recovers from disability, or (3) the month in which the disabled  
22 employee ceases to be eligible for disability benefits under the  
23 Social Security Act, or (4) the month the disabled employee reaches  
24 normal retirement age, whichever occurs first.

25 \* Sec. 2. AS 39.35.400(c) is amended to read:

26 (c) If the disabled [RETIRED] employee becomes ineligible to  
27 receive [RECOVERS FROM THE] nonoccupational disability benefits, he is  
28 entitled to receive a normal or early retirement pension if he would  
29 have been eligible for the pension had his employment continued during

COMMITTEE COPY

1 the period of disability. However, the period of disability does not  
2 constitute credited service.

3 \* Sec. 3. AS 39.35.400(d) is amended to read:

4 (d) The monthly amount of the nonoccupational disability pension  
5 shall be determined in accordance with sec. 370(c) of this chapter,  
6 considering the employee's credited service and compensation before  
7 termination of employment. [HOWEVER, THE AMOUNT SHALL BE REDUCED BY  
8 WAGE CONTINUATION PAYMENTS WHICH ARE AVAILABLE TO THE EMPLOYEE AND  
9 WHICH ARE ATTRIBUTABLE TO THE EMPLOYERS. THE AMOUNT MAY NOT EXCEED  
10 THE BENEFIT DETERMINED IN ACCORDANCE WITH SEC. 410(d) OF THIS CHAPTER.]

11 \* Sec. 4. AS 39.35.400(e) is repealed and re-enacted to read:

12 (e) A disabled employee receiving a nonoccupational disability  
13 pension shall provide the administrator, one year after appointment to  
14 disability retirement and once each year thereafter until disability  
15 benefits cease, proof of continuing eligibility to receive disability  
16 payments under the Social Security Act. If a disabled employee is  
17 otherwise ineligible for social security, he shall provide the admini-  
18 strator with sufficient medical evidence once each year to demonstrate  
19 that disability benefits under the Social Security Act would be payable  
20 had the employee been otherwise eligible. If the disabled employee  
21 fails to provide the administrator with evidence of continuing eligi-  
22 bility for disability payments under the Social Security Act or other  
23 medical evidence required by the administrator within 30 days following  
24 each anniversary date, the disability payments from the system shall  
25 cease. If that information is subsequently provided to the admini-  
26 strator, payments will resume beginning for the month following that  
27 in which the information is provided. When disability payments under  
28 the Social Security Act cease, it is the responsibility of the disabled  
29 employee to notify the administrator immediately. Upon notification,

1 the administrator shall cease making disability payments.

2 \* Sec. 5. AS 39.35.400 is amended by adding a new subsection to read:

3 (f) A disabled employee's nonoccupational disability pension  
4 terminates when the employee first attains eligibility for normal re-  
5 tirement. At that time, his retirement benefits will be calculated  
6 under the provisions of sec. 370(c).

7 \* Sec. 6. AS 39.35.410(b) is repealed and re-enacted to read:

8 (b) The occupational disability pension benefits accrue beginning  
9 the first day of the month following termination of employment as a  
10 result of the disability. If a final determination granting the  
11 pension is not made in time to pay the first month's pension when due,  
12 a retroactive payment shall be made to cover the period of deferment.  
13 Benefits shall be continued after one year from date of appointment to  
14 occupational disability only if the disabled person fulfills the  
15 requirements set out in (g) of this section. The last payment shall be  
16 for the month in which (1) the death of the disabled employee occurs,  
17 or (2) the month in which the disabled employee recovers from dis-  
18 ability, or (3) the month in which the disabled employee ceases to be  
19 eligible for disability benefits under the Social Security Act, or (4)  
20 the month the disabled employee reaches normal retirement age, which-  
21 ever occurs first.

22 \* Sec. 7. AS 39.35.410(c) is amended to read:

23 (c) If the disabled [RETIRED] employee becomes ineligible to  
24 receive [RECOVERS FROM THE] occupational disability benefits before  
25 his normal retirement date, the disabled [RETIRED] employee shall then  
26 be entitled to receive an early retirement pension if he would have  
27 been eligible for the pension had his employment continued during the  
28 period of disability. The period of disability constitutes credited  
29 service [FOR ALL EMPLOYEES].

1 \* Sec. 8. AS 39.35.410(d) is repealed and re-enacted to read:

2 (d) The monthly amount of an occupational disability pension is  
3 40 per cent of the disabled employee's gross monthly compensation at  
4 the time of termination due to disability.

5 \* Sec. 9. AS 39.35.410(e) is repealed.

6 \* Sec. 10. AS 39.35.410(f) is repealed and re-enacted to read:

7 (g) A disabled employee receiving an occupational disability  
8 pension shall provide the administrator, one year after appointment to  
9 disability retirement and once each year thereafter until disability  
10 benefits cease, proof of continuing eligibility to receive disability  
11 payments under the Social Security Act. If a disabled employee is  
12 otherwise ineligible for social security, he shall provide the admini-  
13 strator with sufficient medical evidence once each year to demonstrate  
14 that disability benefits under the Social Security Act would be pay-  
15 able had the employee been otherwise eligible. If the disabled  
16 employee fails to provide the administrator with evidence of continu-  
17 ing eligibility for disability payments under the Social Security Act  
18 or other medical evidence required by the administrator within 30 days  
19 following each anniversary date, the disability payments from the  
20 system shall cease. If that information is subsequently provided to  
21 the administrator, payments will resume beginning for the month  
22 following that in which the information is provided. When disability  
23 payments under the Social Security Act cease, it is the responsibility  
24 of the disabled employee to notify the administrator immediately.  
25 Upon notification, the administrator shall cease making disability  
26 payments.

27 \* Sec. 11. AS 39.35.420(a) is amended to read:

28 (a) If the death of an employee occurs from nonoccupational  
29 causes before appointment to [HIS] retirement, and [BUT] after complet-

1 ing [HE HAS COMPLETED] at least one year but less than five years of  
2 credited service, [AND THE EMPLOYEE'S SURVIVOR IS NOT ENTITLED TO A  
3 SURVIVING SPOUSE'S PENSION UNDER SEC. 430 OF THIS CHAPTER,] a lump sum  
4 death benefit shall be paid to the beneficiary of the employee. The  
5 amount of the lump sum death benefit shall be \$1,000 plus \$100 for  
6 each year of credited service. The lump sum death benefit is in  
7 addition to a refund of the balance of the employee contribution  
8 account of the deceased employee under sec. 210 of this chapter.

9 \* Sec. 12. AS 39.35.420(b) is amended to read:

10 (b) If the death of an [THE] employee or deferred vested member  
11 occurs from nonoccupational causes before appointment to [HIS] retire-  
12 ment and after completing [HE HAS COMPLETED] at least five years of  
13 credited service, [AND THE EMPLOYEE'S SURVIVOR IS NOT ENTITLED TO A  
14 SURVIVING SPOUSE'S PENSION UNDER SEC. 430 OF THIS CHAPTER,] the  
15 surviving spouse [SURVIVOR] may at his or her discretion receive  
16 either the benefits described in (a) of this section or a 50 per cent  
17 joint and survivor option based upon credited service to the date of  
18 the employee's death or termination and payable to the surviving spouse  
19 [SURVIVOR] commencing for [THE FIRST DAY OF] the month following the  
20 death of the employee.

21 \* Sec. 13. AS 39.35.430(a) is repealed.

22 \* Sec. 14. AS 39.35.430(b) is amended to read:

23 (b) If (1) the death of an employee [A PEACE OFFICER OR A FIRE-  
24 MAN] occurs before his retirement and before his normal retirement  
25 date, and (2) the proximate cause of death is a bodily injury sustained  
26 or a hazard undergone while in the performance and within the scope of  
27 his duties, and (3) the injury or hazard is not the proximate result  
28 of wilful negligence of the employee, a monthly survivor's pension  
29 equal to 40 per cent of his monthly compensation in the month in which

1 he died shall be paid to his surviving spouse. If [HIS SURVIVING  
2 SPOUSE REMARRIES OR IF] there is no surviving spouse the monthly sur-  
3 vivor's pension shall be paid in equal parts to the children of the  
4 employee, including those adopted, who are either under 19 [18] years  
5 old or under 23 years old and registered at and attending on a full-  
6 time basis an accredited educational or technical institution recog-  
7 nized by the Department of Education. On the date the normal retire-  
8 ment of the employee would have occurred if he had lived, monthly  
9 payments shall equal the monthly amount of the normal retirement  
10 benefit to which the employee, had he lived and continued his employ-  
11 ment [AS A PEACE OFFICER OR A FIREMAN] until his normal retirement  
12 date, would have been entitled with an average monthly compensation as  
13 existed at his death and the credited service to which he would have  
14 been entitled [HAD].

15 \* Sec. 15. AS 39.35.430(c) is amended to read:

16 (c) The first payment of the surviving spouse's pension or of  
17 the surviving child's [SURVIVOR'S] pension shall be made for [ON THE  
18 FIRST DAY OF] the month following the month in which the employee dies  
19 and the payment shall cease to be made for [AS OF THE FIRST DAY OF]  
20 the month in which there is no eligible surviving spouse or child  
21 [BENEFICIARY].

22 \* Sec. 16. AS 39.35.430(d) is repealed.

23 \* Sec. 17. AS 39.35.430(e) is repealed.

24 \* Sec. 18. AS 39.35.440(a) is repealed.

25 \* Sec. 19. AS 39.35.440(b) is amended to read:

26 (b) Upon the death of a retired employee who [WAS A PEACE OFFICER  
27 OR A FIREMAN ON THE DATE OF HIS RETIREMENT AND WHO] is receiving or is  
28 entitled to receive an occupational disability pension, a surviving  
29 spouse's pension equal to 40 per cent [TWO-THIRDS] of his average

1 monthly compensation shall be paid to his surviving spouse. If [HIS  
2 SURVIVING SPOUSE REMARRIES OR IF] there is no surviving spouse, the  
3 survivor's pension shall be paid in equal parts to the children of the  
4 employee, including those adopted, who are either under 19 [18] years  
5 old or under 23 years old and registered at and attending on a full-  
6 time basis an accredited educational or a technical institution recog-  
7 nized by the Department of Education. On the date the normal retire-  
8 ment of the employee would have occurred if he had lived, monthly  
9 payments shall equal the monthly amount of the normal retirement  
10 benefit to which the employee, had he lived and continued his employ-  
11 ment until his normal retirement date, would have been entitled with  
12 an average monthly compensation as existed at his death and the  
13 credited service to which he would have been entitled.

14 \* Sec. 20. AS 39.35.440(c) is amended to read:

15 (c) The first payment of the surviving spouse's pension or of  
16 the surviving child's [SURVIVOR'S] pension shall be made for [ON THE  
17 FIRST DAY OF] the month following the month in which the employee dies  
18 and the payments shall cease to be made for [AS OF THE FIRST DAY OF]  
19 the month in which there is no eligible surviving spouse or child  
20 [BENEFICIARY].

21 \* Sec. 21. AS 39.35.680(10) is amended to read:

22 (10) "nonoccupational disability" means a physical or  
23 mental condition which, in the judgment of the administrator [BOARD],  
24 based upon medical reports and other evidence satisfactory to the  
25 administrator [BOARD], presumably permanently prevents an employee  
26 from satisfactorily performing his usual duties for his employer or  
27 the duties of another position or job which his [AN] employer makes  
28 available and for which the employee is qualified by [HIS] training or  
29 education, not including a condition resulting from a cause which the

1 board, in its rules, has concluded;

2 \* Sec. 22. AS 39.35.680(12) is amended to read:

3 (12) "occupational disability" means a physical or mental  
4 condition which presumably permanently prevents an employee from  
5 satisfactorily performing his usual duties for his employer [, OR THE  
6 DUTIES OF ANOTHER POSITION OR JOB WHICH AN EMPLOYER MAKES AVAILABLE  
7 AND FOR WHICH THE EMPLOYEE IS QUALIFIED BY TRAINING OR EDUCATION];  
8 however, the proximate cause of the condition must be a bodily injury  
9 sustained, or a hazard undergone, while in the performance and within  
0 the scope of the employee's duties and not the proximate result of the  
1 wilful negligence of the employee; a determination of whether occupa-  
2 tional disability exists shall be made by the administrator [BOARD],  
3 based upon medical reports and other evidence satisfactory to the  
4 administrator [BOARD];

5 \* Sec. 23. This Act takes effect July 1, 1976.  
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AB 670

January 29, 1976

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(a) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill which would make significant changes in the death and disability provisions of the Public Employees' Retirement System.

Under the current statutes there are serious inequities in payments made to both disabled persons and survivors of deceased employees. Since these benefits are paid out of employer contributions up until the time the employee reaches or would have reached normal retirement age, it is felt that there should be equitable treatment given to all employees under the system regardless of their occupation. It is difficult to justify making a distinction in the amount of payment to a disabled person or to survivors of deceased employees based solely on the occupation the person was performing at the time he became disabled or dies.

We should place emphasis on assuring that the disabled person or survivor is provided with a reasonable income necessary to maintain a fair standard of living rather than basing our benefit structure solely on what the employee did before his death or disabling injury.

Here is a brief description of the various changes being proposed:

Section 1. AS 39.35.400(b) This section tells when nonoccupational disability benefits commence and under what conditions they terminate. It also requires that in order for a person to continue to receive nonoccupational disability benefits beyond a period of one year after appointment to disability the disabled employee must demonstrate that he is or would be eligible to receive disability benefits under the Social Security Act.

Section 2. AS 39.35.400(c) This amendment is necessary because if this legislation is enacted a person is not considered to recover from the original disability but would become ineligible for

benefits because he no longer meets the standards for disability payments under the Social Security Act.

Section 3. AS 39.35.400(d) This amendment removes the current pension offset provisions for wage continuation payments. This language is not needed since the only wage continuation payments are from workmen's compensation and those payments are not payable in cases of nonoccupational disability. The amendment also removes the restriction that the benefit payments cannot exceed those made under occupational disability.

Section 4. AS 39.35.400(e) These changes require that the disabled employee provide certain information to the administrator at the end of the first year and each subsequent year demonstrating his continuing eligibility for benefit payments. It also provides that benefits will be suspended if the individual fails to provide the required information in a timely manner.

Section 5. AS 39.35.400(f) This new subsection clearly states that an employee is transferred from nonoccupational disability status to normal retirement when he or she reaches normal retirement age. Also provided is the manner in which the normal retirement benefits will be calculated following this transfer.

Section 6. AS 39.35.410(b) This section tells when occupational disability benefits commence and under what conditions they terminate. It also requires that in order for a person to continue to receive occupational disability benefits beyond a period of one year after appointment to disability the disabled employee must demonstrate that he is or would be eligible to receive disability benefits under the Social Security Act.

Section 7. AS 39.35.410(c) This amendment is necessary because if this legislation is enacted a person is not considered to recover from the original disability but would become ineligible for benefits because he no longer meets the standards for disability payments under the Social Security Act.

Section 8. AS 39.35.410(d) This subsection establishes the amount of the occupational disability pension payable to all disabled employees regardless of their occupation.

Section 9. Repeal of AS 39.35.410(e) removes the workmen's compensation offset for payments under occupational disability provisions.

Section 10. AS 39.35.410(g) These changes require that the disabled employee provide certain information to the administrator at the end of the first year and each subsequent year demonstrating his continuing eligibility for benefit payments. It also provides that benefits will be suspended if the individual fails to furnish the required information in a timely manner.

Section 11. AS 39.35.420(a) This amendment removes the reference to a survivor who is eligible under sec. 430 of this chapter which relates to occupational disability. This language is not necessary since this subsection relates to nonoccupational death benefits.

Section 12. AS 39.35.420(b) This removes the reference to survivors receiving occupational death benefits under sec. 430. In addition, these amendments allow the surviving spouse of an employee who was on a deferred vested status to elect either a refund of contributions or a 50 per cent joint and survivor's option. Under the present law it is restricted only to an active employee.

Section 13. AS 39.35.430(a) is repealed because this subsection is no longer necessary in view of the amendments made in AS 39.35.430(b).

Section 14. AS 39.35.430(b) These amendments remove the distinction between peace officers and firemen and other types of employees as far as occupational death benefits are concerned. It also provides that the survivors of a deceased member are entitled to 40 per cent of the employee's monthly compensation in the case of occupational death. The amendments also eliminate the discontinuance of death benefits in the event the spouse remarries. If there is no surviving spouse, payments will continue to be made to surviving children up to age 19 (instead of 18) without requiring them to be attending a recognized school on a full-time basis.

Section 15. AS 39.35.430(c) This amendment clearly identifies the duration of benefits payable to either a surviving spouse or surviving child.

Section 16. AS 39.35.430(d) is repealed because its provisions are either included in sec. 430(c) or in the definition of "occupational disability" in AS 39.35.680(12).

Section 17. Repeal of AS 39.35.430(e) removes the workmen's compensation offset for benefits payable under the occupational death provisions.

Section 18. AS 39.35.440(a). Repealed. This subsection is no longer necessary in view of the amendments being made in AS 39.35.440(b).

Section 19. AS 39.35.440(b) This amendment provides uniform benefits for survivors of employees of the system regardless of kind of occupation when death occurs to a person receiving occupational disability benefits. Also the monthly benefit is changed from two-thirds of the employee's average monthly compensation to 40 per cent. I believe this is justified since there will no longer be any workmen's compensation offsets. For persons receiving death benefits under workmen's compensation, they will now get

40 per cent of the employee's average monthly compensation whereas under the current statutes in many cases they receive either nothing or far less than 40 per cent. Payments will be made to surviving children up to 19 (again, instead of 18) years old without requiring that they attend school on a full-time basis.

Section 20. AS 39.35.440(c) This amendment will make the language in this subsection consistent with that in other sections of the statute. It also clearly establishes the duration for which benefits are payable.

Section 21. AS 39.35.680(10) These amendments grant the authority to the administrator to make the initial decisions on disability applications. Several years ago the board delegated this authority to the administrator because it was felt unfair to the applicants to require them to wait until the next semi-annual board meeting in order to get a determination. This amendment merely sets into the law what is the present practice. The board still retains authority to hear any appeal on a decision made by the administrator.

Section 22. AS 39.35.680(12) This amendment modifies the definition of occupational disability in such a way that a person is eligible to receive benefits if he is determined to be totally and permanently disabled for the usual duties of the job held at the time the disability occurred. Also the amendment expressly grants the authority to the administrator to make the initial disability determination.

Sincerely,

Jay S. Hammond  
Governor

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

HOUSE BILL..... NO. ...670.

By RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to public employees' retirement system benefits; and providing for an effective date."

Pub. employees' retir. benefits

Introduced in the House ...1/29...., 19..76

HISTORY IN THE HOUSE

1976

Jan 29

Read first time and referred to Committee on State Affairs and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No. ....

The Legislature of the State of Alaska  
 FISCAL NOTE  
 Second Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill #670  
 Title: An Act relating to the Public Employees Retirement System  
 Requested by: House State Affairs Date: 3-05-76  
 Return Date Requested: ASAP  
 Agency: Administration-Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: None

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Passage of this legislation will result in a direct reduction in the current employer contribution rate of .12% or \$216,000 in FY 77.
2. If legislation is not passed, the employer contribution rate will have to be increased by .05% or \$90,000 in FY 77 based on the actual experience.
3. Therefore, the passage of HB #670 will actually decrease the employer contribution in the future by .19%. The dollar cost of savings to the State in FY 77 will be approximately \$342,000.

IV. ATTACHMENTS

V. DATE: 3-08-76

PREPARED BY: 

Director  
 Division of Retirement & Benefits

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Introduced: 1/29/76  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 670

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public employees' retirement  
7 system benefits; and providing for an effective  
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 39.35.400(b) is repealed and re-enacted to read:

11 (b) The nonoccupational disability pension benefits accrue  
12 beginning the first day of the month following termination of employ-  
13 ment as a result of the disability. If a final determination granting  
14 the pension is not made in time to pay the first month's pension when  
15 due, a retroactive payment shall be made to cover the period of defer-  
16 ment. Benefits shall be continued after one year from the date of  
17 appointment to nonoccupational disability only if the disabled person  
18 fulfills the requirements set out in (e) of this section. The last  
19 payment shall be for the month in which (1) the death of the disabled  
20 employee occurs, or (2) the month in which the disabled employee  
21 recovers from disability, or (3) the month in which the disabled  
22 employee ceases to be eligible for disability benefits under the  
23 Social Security Act, or (4) the month the disabled employee reaches  
24 normal retirement age, whichever occurs first.

25 \* Sec. 2. AS 39.35.400(c) is amended to read:

26 (c) If the disabled [RETIRED] employee becomes ineligible to  
27 receive [RECOVERS FROM THE] nonoccupational disability benefits, he is  
28 entitled to receive a normal or early retirement pension if he would  
29 have been eligible for the pension had his employment continued during

1 the period of disability. However, the period of disability does not  
2 constitute credited service.

3 \* Sec. 3. AS 39.35.400(d) is amended to read:

4 (d) The monthly amount of the nonoccupational disability pension  
5 shall be determined in accordance with sec. 370(c) of this chapter,  
6 considering the employee's credited service and compensation before  
7 termination of employment. "HOWEVER, THE AMOUNT SHALL BE REDUCED BY  
8 WAGE CONTINUATION PAYMENTS WHICH ARE AVAILABLE TO THE EMPLOYEE AND  
9 WHICH ARE ATTRIBUTABLE TO THE EMPLOYERS. THE AMOUNT MAY NOT EXCEED  
10 THE BENEFIT DETERMINED IN ACCORDANCE WITH SEC. 410(d) OF THIS CHAPTER.]

11 \* Sec. 4. AS 39.35.400(e) is repealed and re-enacted to read:

12 (e) A disabled employee receiving a nonoccupational disability  
13 pension shall provide the administrator, one year after appointment to  
14 disability retirement and once each year thereafter until disability  
15 benefits cease, proof of continuing eligibility to receive disability  
16 payments under the Social Security Act. If a disabled employee is  
17 otherwise ineligible for social security, he shall provide the admini-  
18 strator with sufficient medical evidence once each year to demonstrate  
19 that disability benefits under the Social Security Act would be payable  
20 had the employee been otherwise eligible. If the disabled employee  
21 fails to provide the administrator with evidence of continuing eligi-  
22 bility for disability payments under the Social Security Act or other  
23 medical evidence required by the administrator within 30 days following  
24 each anniversary date, the disability payments from the system shall  
25 cease. If that information is subsequently provided to the admini-  
26 strator, payments will resume beginning for the month following that  
27 in which the information is provided. When disability payments under  
28 the Social Security Act cease, it is the responsibility of the disabled  
29 employee to notify the administrator immediately. Upon notification,

1 the administrator shall cease making disability payments.

2 \* Sec. 5. AS 39.35.400 is amended by adding a new subsection to read:

3 (f) A disabled employee's nonoccupational disability pension  
4 terminates when the employee first attains eligibility for normal re-  
5 tirement. At that time, his retirement benefits will be calculated  
6 under the provisions of sec. 370(c).

7 \* Sec. 6. AS 39.35.410(b) is repealed and re-enacted to read:

8 (b) The occupational disability pension benefits accrue beginning  
9 the first day of the month following termination of employment as a  
10 result of the disability. If a final determination granting the  
11 pension is not made in time to pay the first month's pension when due,  
12 a retroactive payment shall be made to cover the period of deferment.  
13 Benefits shall be continued after one year from date of appointment to  
14 occupational disability only if the disabled person fulfills the  
15 requirements set out in (g) of this section. The last payment shall be  
16 for the month in which (1) the death of the disabled employee occurs,  
17 or (2) the month in which the disabled employee recovers from dis-  
18 ability, or (3) the month in which the disabled employee ceases to be  
19 eligible for disability benefits under the Social Security Act, or (4)  
20 the month the disabled employee reaches normal retirement age, which-  
21 ever occurs first.

22 \* Sec. 7. AS 39.35.410(c) is amended to read:

23 (c) If the disabled [RETIRED] employee becomes ineligible to  
24 receive [RECOVERS FROM THE] occupational disability benefits before  
25 his normal retirement date, the disabled [RETIRED] employee shall then  
26 be entitled to receive an early retirement pension if he would have  
27 been eligible for the pension had his employment continued during the  
28 period of disability. The period of disability constitutes credited  
29 service [FOR ALL EMPLOYEES].

1 \* Sec. 8. AS 39.35.410(d) is repealed and re-enacted to read:

2 (d) The monthly amount of an occupational disability pension is  
3 40 per cent of the disabled employee's gross monthly compensation at  
4 the time of termination due to disability.

5 \* Sec. 9. AS 39.35.410(e) is repealed.

6 \* Sec. 10. AS 39.35.410(g) is repealed and re-enacted to read:

7 (g) A disabled employee receiving an occupational disability  
8 pension shall provide the administrator, one year after appointment to  
9 disability retirement and once each year thereafter until disability  
10 benefits cease, proof of continuing eligibility to receive disability  
11 payments under the Social Security Act. If a disabled employee is  
12 otherwise ineligible for social security, he shall provide the admini-  
13 strator with sufficient medical evidence once each year to demonstrate  
14 that disability benefits under the Social Security Act would be pay-  
15 able had the employee been otherwise eligible. If the disabled  
16 employee fails to provide the administrator with evidence of continu-  
17 ing eligibility for disability payments under the Social Security Act  
18 or other medical evidence required by the administrator within 30 days  
19 following each anniversary date, the disability payments from the  
20 system shall cease. If that information is subsequently provided to  
21 the administrator, payments will resume beginning for the month  
22 following that in which the information is provided. When disability  
23 payments under the Social Security Act cease, it is the responsibility  
24 of the disabled employee to notify the administrator immediately.  
25 Upon notification, the administrator shall cease making disability  
26 payments.

27 \* Sec. 11. AS 39.35.420(a) is amended to read:

28 (a) If the death of an employee occurs from nonoccupational  
29 causes before appointment to [HIS] retirement, and [BUT] after complet-

1        ing [HE HAS COMPLETED] at least one year but less than five years of  
2        credited service, [AND THE EMPLOYEE'S SURVIVOR IS NOT ENTITLED TO A  
3        SURVIVING SPOUSE'S PENSION UNDER SEC. 430 OF THIS CHAPTER,] a lump sum  
4        death benefit shall be paid to the beneficiary of the employee. The  
5        amount of the lump sum death benefit shall be \$1,000 plus \$100 for  
6        each year of credited service. The lump sum death benefit is in  
7        addition to a refund of the balance of the employee contribution  
8        account of the deceased employee under sec. 210 of this chapter.

9        \* Sec. 12. AS 39.35.420(b) is amended to read:

10        (b) If the death of an [THE] employee or deferred vested member  
11        occurs from nonoccupational causes before appointment to [HIS] retire-  
12        ment and after completing [HE HAS COMPLETED] at least five years of  
13        credited service, [AND THE EMPLOYEE'S SURVIVOR IS NOT ENTITLED TO A  
14        SURVIVING SPOUSE'S PENSION UNDER SEC. 430 OF THIS CHAPTER,] the  
15        surviving spouse [SURVIVOR] may at his or her discretion receive  
16        either the benefits described in (a) of this section or a 50 per cent  
17        joint and survivor option based upon credited service to the date of  
18        the employee's death or termination and payable to the surviving spouse  
19        [SURVIVOR] commencing for [THE FIRST DAY OF] the month following the  
20        death of the employee.

21        \* Sec. 13. AS 39.35.430(a) is repealed.

22        \* Sec. 14. AS 39.35.430(b) is amended to read:

23        (b) If (1) the death of an employee [A PEACE OFFICER OR A FIRE-  
24        MAN] occurs before his retirement and before his normal retirement  
25        date, and (2) the proximate cause of death is a bodily injury sustained  
26        or a hazard undergone while in the performance and within the scope of  
27        his duties, and (3) the injury or hazard is not the proximate result  
28        of wilful negligence of the employee, a monthly survivor's pension  
29        equal to 40 per cent of his monthly compensation in the month in which

1 he died shall be paid to his surviving spouse. If [HIS SURVIVING  
2 SPOUSE REMARRIES OR IF] there is no surviving spouse the monthly sur-  
3 vivor's pension shall be paid in equal parts to the children of the  
4 employee, including those adopted, who are either under 19 [18] years  
5 old or under 23 years old and registered at and attending on a full-  
6 time basis an accredited educational or technical institution recog-  
7 nized by the Department of Education. On the date the normal retire-  
8 ment of the employee would have occurred if he had lived, monthly  
9 payments shall equal the monthly amount of the normal retirement  
10 benefit to which the employee, had he lived and continued his employ-  
11 ment [AS A PEACE OFFICER OR A FIREMAN] until his normal retirement  
12 date, would have been entitled with an average monthly compensation as  
13 existed at his death and the credited service to which he would have  
14 been entitled [HAD].

15 \* Sec. 15. AS 39.35.430(c) is amended to read:

16 (c) The first payment of the surviving spouse's pension or of  
17 the surviving child's [SURVIVOR'S] pension shall be made for [ON THE  
18 FIRST DAY OF] the month following the month in which the employee dies  
19 and the payment shall cease to be made for [AS OF THE FIRST DAY OF]  
20 the month in which there is no eligible surviving spouse or child  
21 [BENEFICIARY].

22 \* Sec. 16. AS 39.35.430(d) is repealed.

23 \* Sec. 17. AS 39.35.430(e) is repealed.

24 \* Sec. 18. AS 39.35.440(a) is repealed.

25 \* Sec. 19. AS 39.35.440(b) is amended to read:

26 (b) Upon the death of a retired employee who [WAS A PEACE OFFICER  
27 OR A FIREMAN ON THE DATE OF HIS RETIREMENT AND WHO] is receiving or is  
28 entitled to receive an occupational disability pension, a surviving  
29 spouse's pension equal to 40 per cent [TWO-THIRDS] of his average

1 monthly compensation shall be paid to his surviving spouse. If [HIS  
2 SURVIVING SPOUSE REMARRIES OR IF] there is no surviving spouse, the  
3 survivor's pension shall be paid in equal parts to the children of the  
4 employee, including those adopted, who are either under 19 [18] years  
5 old or under 23 years old and registered at and attending on a full-  
6 time basis an accredited educational or a technical institution recog-  
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8 ment of the employee would have occurred if he had lived, monthly  
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10 benefit to which the employee, had he lived and continued his employ-  
11 ment until his normal retirement date, would have been entitled with  
12 an average monthly compensation as existed at his death and the  
13 credited service to which he would have been entitled.

14 \* Sec. 20. AS 39.35.440(c) is amended to read:

15 (c) The first payment of the surviving spouse's pension or of  
16 the surviving child's [SURVIVOR'S] pension shall be made for [ON THE  
17 FIRST DAY OF] the month following the month in which the employee dies  
18 and the payments shall cease to be made for [AS OF THE FIRST DAY OF]  
19 the month in which there is no eligible surviving spouse or child  
20 [BENEFICIARY].

21 \* Sec. 21. AS 39.35.680(10) is amended to read:

22 (10) "nonoccupational disability" means a physical or  
23 mental condition which, in the judgment of the administrator [BOARD],  
24 based upon medical reports and other evidence satisfactory to the  
25 administrator [BOARD], presumably permanently prevents an employee  
26 from satisfactorily performing his usual duties for his employer or  
27 the duties of another position or job which his [AN] employer makes  
28 available and for which the employee is qualified by [HIS] training or  
29 education, not including a condition resulting from a cause which the

1 board, in its rules, has excluded;

2 \* Sec. 22. AS 39.35.680(12) is amended to read:

3 (12) "occupational disability" means a physical or mental  
4 condition which presumably permanently prevents an employee from  
5 satisfactorily performing his usual duties for his employer [, OR THE  
6 DUTIES OF ANOTHER POSITION OR JOB WHICH AN EMPLOYER MAKES AVAILABLE  
7 AND FOR WHICH THE EMPLOYEE IS QUALIFIED BY TRAINING OR EDUCATION];  
8 however, the proximate cause of the condition must be a bodily injury  
9 sustained, or a hazard undergone, while in the performance and within  
10 the scope of the employee's duties and not the proximate result of the  
11 wilful negligence of the employee; a determination of whether occupa-  
12 tional disability exists shall be made by the administrator [BOARD],  
13 based upon medical reports and other evidence satisfactory to the  
14 administrator [BOARD];

15 \* Sec. 23. This Act takes effect July 1, 1976.  
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HB 670

January 29, 1976

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill which would make significant changes in the death and disability provisions of the Public Employees' Retirement System.

Under the current statutes there are serious inequities in payments made to both disabled persons and survivors of deceased employees. Since these benefits are paid out of employer contributions up until the time the employee reaches or would have reached normal retirement age, it is felt that there should be equitable treatment given to all employees under the system regardless of their occupation. It is difficult to justify making a distinction in the amount of payment to a disabled person or to survivors of deceased employees based solely on the occupation the person was performing at the time he became disabled or dies.

We should place emphasis on assuring that the disabled person or survivor is provided with a reasonable income necessary to maintain a fair standard of living rather than basing our benefit structure solely on what the employee did before his death or disabling injury.

Here is a brief description of the various changes being proposed:

Section 1. AS 39.35.400(b) This section tells when nonoccupational disability benefits commence and under what conditions they terminate. It also requires that in order for a person to continue to receive nonoccupational disability benefits beyond a period of one year after appointment to disability the disabled employee must demonstrate that he is or would be eligible to receive disability benefits under the Social Security Act.

Section 2. AS 39.35.400(c) This amendment is necessary because if this legislation is enacted a person is not considered to recover from the original disability but would become ineligible for

benefits because he no longer meets the standards for disability payments under the Social Security Act.

Section 3. AS 39.35.400(d) This amendment removes the current pension offset provisions for wage continuation payments. This language is not needed since the only wage continuation payments are from workmen's compensation and those payments are not payable in cases of nonoccupational disability. The amendment also removes the restriction that the benefit payments cannot exceed those made under occupational disability.

Section 4. AS 39.35.400(e) These changes require that the disabled employee provide certain information to the administrator at the end of the first year and each subsequent year demonstrating his continuing eligibility for benefit payments. It also provides that benefits will be suspended if the individual fails to provide the required information in a timely manner.

Section 5. AS 39.35.400(f) This new subsection clearly states that an employee is transferred from nonoccupational disability status to normal retirement when he or she reaches normal retirement age. Also provided is the manner in which the normal retirement benefits will be calculated following this transfer.

Section 6. AS 39.35.410(b) This section tells when occupational disability benefits commence and under what conditions they terminate. It also requires that in order for a person to continue to receive occupational disability benefits beyond a period of one year after appointment to disability the disabled employee must demonstrate that he is or would be eligible to receive disability benefits under the Social Security Act.

Section 7. AS 39.35.410(c) This amendment is necessary because if this legislation is enacted a person is not considered to recover from the original disability but would become ineligible for benefits because he no longer meets the standards for disability payments under the Social Security Act.

Section 8. AS 39.35.410(d) This subsection establishes the amount of the occupational disability pension payable to all disabled employees regardless of their occupation.

Section 9. Repeal of AS 39.35.410(e) removes the workmen's compensation offset for payments under occupational disability provisions.

Section 10. AS 39.35.410(g) These changes require that the disabled employee provide certain information to the administrator at the end of the first year and each subsequent year demonstrating his continuing eligibility for benefit payments. It also provides that benefits will be suspended if the individual fails to furnish the required information in a timely manner.

Section 11. AS 39.35.420(a) This amendment removes the reference to a survivor who is eligible under sec. 430 of this chapter which relates to occupational disability. This language is not necessary since this subsection relates to nonoccupational death benefits.

Section 12. AS 39.35.420(b) This removes the refer-ence to survivors receiving occupational death benefits under sec. 430. In addition, these amendments allow the surviving spouse of an employee who was on a deferred vested status to elect either a refund of contributions or a 50 per cent joint and survivor's option. Under the present law it is restricted only to an active employee.

Section 13. AS 39.35.430(a) is repealed because this subsection is no longer necessary in view of the amendments made in AS 39.35.430(b).

Section 14. AS 39.35.430(b) These amendments remove the distinction between peace officers and firemen and other types of employees as far as occupational death benefits are concerned. It also provides that the survivors of a deceased member are entitled to 40 per cent of the employee's monthly compensation in the case of occupational death. The amendments also eliminate the discontinuance of death benefits in the event the spouse remarries. If there is no surviving spouse, payments will continue to be made to surviving children up to age 19 (instead of 18) without requiring them to be attending a recognized school on a full-time basis.

Section 15. AS 39.35.430(c) This amendment clearly identifies the duration of benefits payable to either a surviving spouse or surviving child.

Section 16. AS 39.35.430(d) is repealed because its provisions are either included in sec. 430(c) or in the definition of "occupational disability" in AS 39.35.680(12).

Section 17. Repeal of AS 39.35.430(c) removes the workmen's compensation offset for benefits payable under the occupational death provisions.

Section 18. AS 39.35.440(a). Repealed. This subsection is no longer necessary in view of the amendments being made in AS 39.35.440(b).

Section 19. AS 39.35.440(b) This amendment provides uniform benefits for survivors of employees of the system regardless of kind of occupation when death occurs to a person receiving occupational disability benefits. Also the monthly benefit is changed from two-thirds of the employee's average monthly compensation to 40 per cent. I believe this is justified since there will no longer be any workmen's compensation offsets. For persons receiving death benefits under workmen's compensation, they will now get

40 per cent of the employee's average monthly compensation whereas under the current statutes in many cases they receive either nothing or far less than 40 per cent. Payments will be made to surviving children up to 19 (again, instead of 18) years old without requiring that they attend school on a full-time basis.

Section 20. AS 39.35.440(c) This amendment will make the language in this subsection consistent with that in other sections of the statute. It also clearly establishes the duration for which benefits are payable.

Section 21. AS 39.35.680(10) These amendments grant the authority to the administrator to make the initial decisions on disability applications. Several years ago the board delegated this authority to the administrator because it was felt unfair to the applicants to require them to wait until the next semi-annual board meeting in order to get a determination. This amendment merely sets into the law what is the present practice. The board still retains authority to hear any appeal on a decision made by the administrator.

Section 22. AS 39.35.680(12) This amendment modifies the definition of occupational disability in such a way that a person is eligible to receive benefits if he is determined to be totally and permanently disabled for the usual duties of the job held at the time the disability occurred. Also the amendment expressly grants the authority to the administrator to make the initial disability determination.

Sincerely,

Jay S. Hammond  
Governor

AMENDMENT #1

OFFERED IN THE HOUSE:

By: STATE AFFAIRS

To: \_\_\_\_\_ HOUSE BILL No. 670

SENATE BILL No. \_\_\_\_\_

PAGE: 5

LINE: 29

After the word "his", insert the word "gross".

Page 8, Line 15:

Insert new Section 23 and renumber remaining section appropriately:

"Sec. 23. A person receiving retirement benefits under AS 39.35.430 on the effective date of this Act is eligible to receive any increased benefits resulting from the amendment of AS 39.35.430 made by this Act."

FISCAL NOTE  
Second Session - Ninth Legislature

I. REQUEST

Bill No. HCS for S.B. 670  
 Title: Number of Superior Court Judges  
 Requested by: Legislative Finance Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Alaska Court System Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Alaska Court System

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		95.9	95.9	95.9	95.9	95.9
200 TRAVEL						
300 CONTRACTUAL		2.0	2.0	2.0	2.0	2.0
400 COMMODITIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT		37.0				
600 LAND & STRUCTURES		52.0				
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>187.9</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND		187.9	98.9	98.9	98.9	98.9
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	3 /	3 /	3 /	3 /	3 /
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

House Committee Substitute for Senate Bill 670 increases the number of Superior Court judges in the state by two. The Superior Court judge position in Sitka will replace the existing District Court Judge position there. Therefore, the additional cost of this judgeship is the difference between the salary of Superior and District Court judges, or \$7,500/year.

The Superior Court judge position in Fairbanks is a new position and will require the creation of three new permanent positions - judge, secretary, and in-court clerk. The total personnel services cost of these positions is \$88,400/year. These new positions will need  
(see attached page)

IV. ATTACHMENTS

V. DATE: \_\_\_\_\_ PREPARED BY: *John H. ...*

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

HCS for S.B. 670

furniture, including desks, chairs, typewriters, bookcases, filing cabinets, and other office equipment. The one-time cost of this equipment is \$8,000. Also, an additional \$1,000/year for commodities and \$2,000/year for contractual expenses (phone, postage, equipment rental, etc.) will be needed in support of the 3 new positions.

The additional Superior Court judge will need a new courtroom if he is to be used most effectively. Since the Fairbanks court building is being remodeled at the present time, an additional Superior Court courtroom can be included at a minimum of expense. The major expense items will be the construction of a judge's bench, witness box, in-court clerk area and jury box, plus electrical and ventilation changes and carpeting, all of which would cost approximately \$52,000. In addition to these structural changes or additions, the courtroom must be equipped with spectator seating, jury seating, counsel tables and chairs, and recording equipment. This equipment expense will total \$29,000. The remodeling and equipment expense items are one-time costs and do not increase the ongoing operational cost of the facility.

FISCAL NOTE

Second Session - Ninth Legislature

7. REQUEST  
 Bill No. HCS for S.B. 670  
 Title: Number of Superior Court Judges  
 Requested by: Legislative Finance Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Alaska Court System Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Alaska Court System

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		95.9	95.9	95.9	95.9	95.9
200 TRAVEL						
300 CONTRACTUAL		2.0	2.0	2.0	2.0	2.0
400 COMMODITIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT		37.0				
600 LAND & STRUCTURES		52.0				
700 GRANTS, CLAIMS, ETC.						
TOTAL		187.9	98.9	98.9	98.9	98.9

B. FUNDING: (Thousands of dollars)

GENERAL FUND		187.9	98.9	98.9	98.9	98.9
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	3 /	3 /	3 /	3 /	3 /
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

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IV. ATTACHMENTS

V. DATE: \_\_\_\_\_ PREPARED BY: *John B. ...*

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

HCS for S.B. 670

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# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

2/6/90  
Date

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF TELECOMMUNICATIONS

JAY S. HAMMOND, GOVERNOR

POUCH AC-- JUNEAU 99811

~~X308 B STREET X ANCHORAGE 99507~~

26 February 1976

The Honorable Hugh Malone  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Malone:

I would like to express my firm support for HB 673, a bill for an Act making a special appropriation to the Department of Community and Regional Affairs for the Telecommunications Committee composed of individuals representative of the regional nonprofit associations.

The Telecommunications Committee has rendered invaluable assistance to the Office of Telecommunications in establishing criteria for the selection of sites for the future installation of earth stations in the State of Alaska/RCA small earth station program. I have been working on a daily basis with this Committee and feel that it is truly representative of the Native Regions and the residents within them.

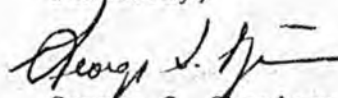
There will be a continuing need for the type of representation that this Committee provides. Currently the problem of obtaining adequate electrical power for operating the earth stations in a number of villages is being examined. As the capability for distributing television to bush communities evolves a review of opportunities and problems associated with bringing television programming into the bush will be required.

The Committee also serves to facilitate communications regarding more mundane problems such as service complaints by customers who might otherwise have little opportunity to have their views heard and also to handle payment and other such problems.

I feel that this Committee, operating under the auspices of the Alaska Federation of Natives, has made important contributions during its brief existence and exemplifies the concept expressed by Governor Hammond of obtaining greater involvement of the citizens in the planning processes conducted by our Government.

I urge prompt passage of this legislation so that the Telecommunications Committee may be fully supported for its continuing work.

Sincerely,



George S. Snaginaw  
Deputy Director

Introduced: 1/30/76  
Referred: Community & Regional  
Affairs and Finance

BY BROWN, ANDERSON, BRADLEY,  
DAVIS, GUY, ITTA, OSTERBACK,  
SWANSON AND WALLIS

1 IN THE HOUSE

2 HOUSE BILL NO. 673

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Community and Regional Affairs for the  
8 Telecommunications Committee composed of individuals  
9 representative of the regional nonprofit associations;  
10 and providing for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 \* Section 1. The sum of \$20,000 is appropriated from the general fund to  
13 the Department of Community and Regional Affairs for the operating expenses  
14 of the Telecommunications Committee authorized by convention resolution no.  
15 75-23, adopted at the annual convention of the Alaska Federation of Natives  
16 called and held on October 23, 24 and 25, 1975.

17 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
18 070(c).

"An Act making a special appropriation to the Department of Community and Regional Affairs for the Telecommunications Committee composed of individuals representative of the regional nonprofit associations; e.d."

# COMMITTEE REPORT

2/19/76

HOUSE

Mr. Speaker:

Date 2-27-76

The Committee on FINANCE has had HB 673

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>H. Malone</u>	<u>T. Buchheit</u>	_____
<u>Thompson</u>	<u>Conroy</u>	_____
<u>Edwards</u>	<u>Burke</u>	_____
<u>Winters</u>		_____

Members NOT concurring in the Majority report:

Hansen recommends: no rec

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

H. Malone Chairman



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

2/6/90  
Date

# COMMITTEE REPORT

4/20/76

SENATE

Mr. President:

Date \_\_\_\_\_

The Committee on Finance has had HB 673 am  
Spec. appro. to Dept. of C&RA for Rural Telecommunications Committee  
under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- ( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- ( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- ( ) "other"

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:

\_\_\_\_\_  
Chairman

# COMMITTEE REPORT

4/20/76

SENATE

Mr. President:

Date \_\_\_\_\_

The Committee on Finance has had HB 673 am  
Spec. appro. to Dept. of C&RA for Rural Telecommunications Committee  
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
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CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

COMMITTEE REPORT

3/10/76

SENATE

**\*\*Finance\***

Mr. President:

Date April 18 1976

The Committee on Community and Regional Affairs has had HB 673 am spec. approp. to Department of C&RA for Rural Telecommunications Committee under consideration. A Majority of the members of the Committee

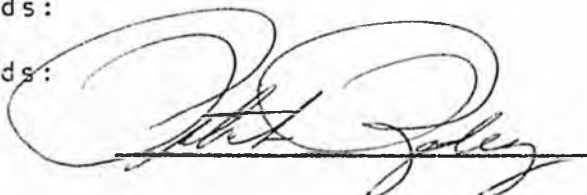
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- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Ed Wilks \_\_\_\_\_  
Gillion \_\_\_\_\_  
J. L. Orsini \_\_\_\_\_

Members NOT concurring in the Majority report:

- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:

  
 \_\_\_\_\_ Chairman

Introduced: 1/30/76  
Referred: Community & Regional  
Affairs and Finance

BY BROWN, ANDERSON, BRADLEY,  
DAVIS, GUY, ITTA, OSTERBACK,  
SWANSON AND WALLIS

1 IN THE HOUSE

2 HOUSE BILL NO. 673 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Community and Regional Affairs for the Rural  
8 Telecommunications Committee composed of individuals  
9 representative of the regional nonprofit associations;  
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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13 the Department of Community and Regional Affairs for the operating expenses  
14 of the Rural Telecommunications Committee which advises the Governor's Office  
15 of Telecommunications in matters involving rural telecommunications policy.

16 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
17 070(c).

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

HOUSE, .....BILL..... NO. ...673

By BROWN, ANDERSON, BRADLEY, ...  
DAVIS, ITTA, OSTERBACK,  
SWANSON AND WALLIS

"An Act making a special appropriation to the Department of Community and Regional Affairs for the Telecommunications Committee composed of individuals representative of the regional nonprofit associations; and providing for an effective date "

Special approp. for Telecomm. Comm

Introduced in the House ....1/30., 1976.

HISTORY IN THE HOUSE

19 76		Read first time and referred to Committee on										
Jan	30	Community & Regional Affairs and Finance										
Feb	19	Reported back with recommendation that <i>C.R.A. drop out of pm to Finance</i>										
Feb	27	<i>Finance drop out to Public</i>										
Mar	9	Read second time and <i>amended order</i>										
Mar	9	Read third time and										
Mar	9	<table border="0"> <tr> <td>PASS ed</td> <td>Effective Date</td> </tr> <tr> <td>Yeas 32</td> <td>Yeas</td> </tr> <tr> <td>Nays 5</td> <td>Nays <i>same</i></td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused 3</td> <td>Excused</td> </tr> </table>	PASS ed	Effective Date	Yeas 32	Yeas	Nays 5	Nays <i>same</i>	Absent	Absent	Excused 3	Excused
PASS ed	Effective Date											
Yeas 32	Yeas											
Nays 5	Nays <i>same</i>											
Absent	Absent											
Excused 3	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
Mar	9	Reported correctly engrossed										
	9	Signed by Speaker										
	9	Sent to Senate										
		<i>Brown</i> CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

19 76		Read first time and referred to Committee on										
	3 10	<i>C.R.A. Finance</i>										
	4 20	Reported back with recommendation that <i>Conf. Clk pass to Finance</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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PASS	Effective Date											
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Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by President										
		Returned to House										
		SECRETARY OF THE SENATE										

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly enrolled
	Sent to Governor
	..... By Governor
	Filed with Lt. Governor
	Chapter No. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

4

Second Session - Ninth Legislature

I. REQUEST **673**  
 Bill No. HB ~~41~~ AM  
 Title: ... special appropriation for... rural telecommunications committee  
 Requested by: Senate Finance Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Comm. & Regional Affairs Program: Social Services

II. FISCAL DETAIL  
 Budget Request Unit(s) Affected: Community Services Division  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

V. DATE: 4-21-76 PREPARED BY: Reed Stoops

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Reed Stoops, Program Coordinator

Introduced: 1/30/76  
Referred: Community & Regional  
Affairs and Finance

BY BROWN, ANDERSON, BRADLEY,  
DAVIS, GUY, ITTA, OS<sup>W</sup> 7K,  
SWANSON AND WAL

1 IN THE HOUSE

2 HOUSE BILL NO. 673 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
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16 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
17 070(c).

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# RECORDS CERTIFICATION



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James O. Smith  
Signature of Camera Operator

2/6/90  
Date

April 8, 1976

M E M O R A N D U M

TO: The Honorable Kay Poland  
Senate Finance Committee

FROM: Bilton B. Barker <sup>MB</sup>  
Fiscal Analyst  
Legislative Finance Division

SUBJECT: SCS CSHB 674

In response to your request, I have reviewed SCS CSHB 674. The Governor's letter explains the provisions contained in the original bill. The additional language in lines 23-25 on page 1 of the bill was added in CSHB 674 by the House Finance Committee at the suggestion of the City and Borough of Juneau.

Only Sec. 4 of the bill raises any questions. The instrumentalities established under this new Chapter 5' would be able to issue debt for the provision of municipal facilities and services as enumerated in AS 29.48.030 (attached) without securing voter approval as is required by AS 29.58.160 for all municipal general obligation bonds.

MBB:pw

COMMITTEE REPORT

SENATE

4/7/76

Mr. President:

Date 4/19/76

The Committee on Finance has had CSHB 074  
Alaska Municipal Bond Bank Authority  
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

March 31, 1976

Honorable Pat Rodey  
Chairman  
Senate Community & Regional  
Affairs Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: Committee Substitute for House Bill No. 674 and Senate Bill No. 704

Dear Senator Rodey:

Committee Substitute for House Bill No. 674, an Act relating to the Alaska Municipal Bond Bank Authority was introduced in the Senate on March 25, 1976 and was referred to the Senate Community & Regional Affairs and Finance Committees.

Senate Bill No. 704, an Act relating to the Alaska Municipal Bond Bank Authority was introduced in the Senate on March 17, 1976 and was referred to the Senate Community & Regional Affairs Committee.

For the consideration of the Senate Community & Regional Affairs Committee, I am enclosing a copy of a Fiscal Note and accompanying attachment that will concern Committee Substitute for House Bill No. 674, as prepared by Lawrence C. Eppenbach, Deputy Commissioner, Treasury, Department of Revenue.

There is also attached a copy of a memorandum dated March 23, 1976 from Lawrence C. Eppenbach, Deputy Commissioner, Treasury, Department of Revenue advising that Senate Bill No. 704 is identical in all material aspects to Committee Substitute for House Bill No. 674.

If you or any of the members of the Senate Community & Regional Affairs Committee have any questions on the material submitted, please contact the writer by telephone and I will contact Mr. Eppenbach for further information or testimony.

Honorable Pat Rodey

-2-

March 31, 1976

Very truly yours,

R. D. Stevenson  
Special Assistant

Enclosures

cc: The Honorable Bill Ray  
Chairman  
Senate Finance Committee

Lawrence C. Eppenbach  
Deputy Commissioner, Treasury  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
 Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 674  
 Title: Alaska Municipal Bond Bank Authority  
 Requested by: House Finance Committee Date: February 27, 1976  
 Return Date Requested: March 3, 1976  
 Agency: Revenue Program: Treasury

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \_\_\_\_\_

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There are no measurable financial impacts in H.B. 674. There are, however, several important financial implications in this bill and these are described in the following section-by-section analysis:

(See attached)

IV. ATTACHMENTS

V. DATE: March 1, 1976 PREPARED BY: [Signature]

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

H.B. 674 - Alaska Municipal Bond Bank Authority

1. Sec. 44.58.060. The change in this section would allow the Commissioner of Revenue and Community and Regional Affairs to remain Directors of the Municipal Bond Bank Authority without having to forfeit their offices. This change corrects a typographical error in the original Bond Bank bill.

2. Sec. 44.58.180(b). The changes in this section affects the treatment of revenue withheld by state agencies when municipalities are in default on bonds held by the Municipal Bond Bank Authority. This section first expands the kind of revenue that may be withheld to include funds administered by any department or agency of the State. This would increase the scope of State fiscal intervention in the case of default.

Second, it provides for the payment of such funds withheld to meet debt service on bonds in default. The present statute requires the Department of Revenue to simply withhold revenue sharing funds and thus the municipality in default is doubly harmed by having their revenue sharing funds withheld from them without any provision that they be used to pay debt service.

3. Sec. 44.80.280(h). The change in this section provides for a clearly identifiable source of income for the Municipal Bond Bank Authority. This should reduce uncertainty in the minds of potential revenue bond purchasers about how the Authority can generate operating income. The change provides for the use of the investment income of the reserve account to fund the operating expenditures of the Authority with the excess returning to the general fund. The operating expenses of the Authority remain limited by budget authorizations. The net result is not a significant change with respect to the general fund but there should be an increase in the security value of the municipal bond bank debt in that its operating income is clearly established.

Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/15/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 674

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank  
7 Authority; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 44.58.060 is amended to read:

10 Sec. 44.58.060. COMPENSATION AND EXPENSES. The directors of the  
11 bond bank authority shall serve without compensation, but the bond bank  
12 authority shall reimburse its directors for actual expenses necessarily  
13 incurred in the discharge of their duties. Notwithstanding any other  
14 law, an officer or employee of the state need not [SHALL] forfeit his  
15 office or employment or [AND] any benefits by reason of his acceptance  
16 of appointment to the office of director of the bond bank authority.

17 \* Sec. 2. AS 44.58.170 is amended to read:

18 Sec. 44.58.170. LOANS TO POLITICAL SUBDIVISIONS. (a) The bond  
19 bank authority, to carry out the purposes and policies of this chapter,  
20 may lend money to municipalities through the purchase by the bond bank  
21 authority of municipal bonds of municipalities. Notwithstanding a home  
22 rule charter provision requiring public sale by a municipality of its  
23 municipal bonds, a municipality may sell its municipal bonds to the bond  
24 bank authority at a negotiated, private sale. The bond bank authority,  
25 for this purpose, may issue its bonds and notes payable solely from the  
26 revenues or funds available to the bond bank authority for such payment  
27 and may otherwise assist municipalities as provided in this chapter.

28 (b) Notwithstanding any provision of law, to [TO] the extent that  
29 any department or agency of the state [THE COMMISSIONER OF REVENUE] is

1 the custodian of money payable to a municipality, at any time after  
2 written notice to the department or agency head [HIM] from the bond bank  
3 authority that the municipality is in default on the payment of princi-  
4 pal or interest on municipal bonds of the municipality then held or  
5 owned by the bond bank authority, the department or agency [COMMISSIONER  
6 OF REVENUE] shall withhold the payment of that money from that municipali-  
7 ty and pay over the money to the bond bank authority for the purpose of  
8 paying principal of and interest on bonds of the bond bank authority  
9 [UNTIL THE AMOUNT OF THE PRINCIPAL OR INTEREST THEN DUE AND UNPAID HAS  
10 BEEN PAID TO THE BOND BANK AUTHORITY, OR UNTIL THE COMMISSIONER OF  
11 REVENUE HAS BEEN ADVISED THAT ARRANGEMENTS, SATISFACTORY TO THE BOND  
12 BANK AUTHORITY, HAVE BEEN MADE FOR THE PAYMENT OF THE PRINCIPAL AND  
13 INTEREST].

14 \* Sec. 3. AS 44.58.270(h) is amended to read:

15 (h) All amounts received on account of money appropriated to the  
16 reserve fund referred to in (a)(3) of this section shall be held and  
17 applied in accordance with (b) of this section; however, at the end of  
18 each fiscal year, if the amount in the reserve fund is in excess of the  
19 required debt service reserve, any amount representing earnings or  
20 income received on account of money appropriated to the reserve fund  
21 which exceeds the operating expenses of the authority for that fiscal  
22 year shall be transferred to the general fund of the state.

23 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
24 070(c).

# MEMORANDUM

State of Alaska

TO:

R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE:

March 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Lawrence C. Eppenbach  
Deputy Commissioner, Treasury  
Department of Revenue

SUBJECT: SB 704

Senate Bill No. 704 is identical in all material aspects to CS for HB 674. Please refer to comments regarding HB 674 for a determination of effect.

LCE:ge

Introduced: 3/17/76  
Referred: Community and Regional  
Affairs

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 704

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank  
7 Authority; and providing for an effective date."

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11 bond bank authority shall serve without compensation, but the bond bank  
12 authority shall reimburse its directors for actual expenses necessarily  
13 incurred in the discharge of their duties. Notwithstanding any other  
14 law, an officer or employee of the state need not [SHALL] forfeit his  
15 office or employment or [AND] any benefits by reason of his acceptance  
16 of appointment to the office of director of the bond bank authority.

17 \* Sec. 2. AS 44.58.170 is amended to read:

18 Sec. 44.58.170. LOANS TO POLITICAL SUBDIVISIONS.. (a) The bond  
19 bank authority, to carry out the purposes and policies of this chapter,  
20 may lend money to municipalities through the purchase by the bond bank  
21 authority of municipal bonds of municipalities. Notwithstanding a home  
22 rule charter provision requiring public sale by a municipality of its  
23 municipal bonds, a municipality may sell its municipal bonds to the bond  
24 bank authority at a negotiated, private sale. The bond bank authority,  
25 for this purpose, may issue its bonds and notes payable solely from the  
26 revenues or funds available to the bond bank authority for such payment  
27 and may otherwise assist municipalities as provided in this chapter.

28 (b) To the extent that any department or agency of the state  
29 [THE COMMISSIONER OF REVENUE] is the custodian of money payable to a

1 municipality, at any time after written notice to the department or  
2 agency head [HIM] from the bond bank authority that the municipality  
3 is in default on the payment of principal or interest on municipal bonds  
4 of the municipality then held or owned by the bond bank authority, the  
5 department or agency [COMMISSIONER OF REVENUE] shall withhold the pay-  
6 ment of that money from that municipality and pay over the money to the  
7 bond bank authority for the purpose of paying principal of and interest  
8 on bonds of the bond bank authority [UNTIL THE AMOUNT OF THE PRINCIPAL  
9 OR INTEREST THEN DUE AND UNPAID HAS BEEN PAID TO THE BOND BANK AUTHOR-  
10 ITY, OR UNTIL THE COMMISSIONER OF REVENUE HAS BEEN ADVISED THAT ARRANGE-  
11 MENTS, SATISFACTORY TO THE BOND BANK AUTHORITY, HAVE BEEN MADE FOR THE  
12 PAYMENT OF THE PRINCIPAL AND INTEREST].

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15 reserve fund referred to in (a)(3) of this section shall be held and  
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17 each fiscal year, if the amount in the reserve fund is in excess of the  
18 required debt service reserve, any amount representing earnings or  
19 income received on account of money appropriated to the reserve fund  
20 which exceeds the operating expenses of the authority for that fiscal  
21 year shall be transferred to the general fund of the state.

22 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
3 070(c).

Introduced: 1/30/76  
Referred: Community &  
Regional Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 674

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank  
7 Authority; and providing for an effective date."

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11 bond bank authority shall serve without compensation, but the bond  
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13 necessarily incurred in the discharge of their duties. Notwithstanding  
14 any other law, an officer or employee of the state need not [SHALL] for-  
15 feit his office or employment or [AND] any benefits by reason of his  
16 acceptance of appointment to the office of director of the bond bank  
17 authority.

18 \* Sec. 2. AS 44.58.170(b) is amended to read:

19 (b) To the the extent that any department or agency of the state  
20 [THE COMMISSIONER OF REVENUE] is the custodian of money payable to a  
21 municipality, at any time after written notice to the department or  
22 agency head [HIM] from the bond bank authority that the municipality  
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27 the bond bank authority for the purpose of paying principal of and  
28 interest on bonds of the bond bank authority [UNTIL THE AMOUNT OF THE  
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8 each fiscal year, if the amount in the reserve fund is in excess of the  
9 required debt service reserve, any amount representing earnings or in-  
10 come received on account of money appropriated to the reserve fund  
11 which exceeds the operating expenses of the authority for that fiscal  
12 year shall be transferred to the general fund of the state.

13 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
14 10.070(c).

Original sponsor: Rules Committee by  
request of the Governor

Offered: 4/7/76  
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 674

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank  
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17 of appointment to the office of director of the bond bank authority.

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20 bank authority, to carry out the purposes and policies of this chapter,  
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22 authority of municipal bonds of municipalities. Notwithstanding a home  
23 rule charter provision requiring public sale by a municipality of its  
24 municipal bonds, a municipality may sell its municipal bonds to the bond  
25 bank authority at a negotiated, private sale. The bond bank authority,  
26 for this purpose, may issue its bonds and notes payable solely from the  
27 revenues or funds available to the bond bank authority for such payment  
28 and may otherwise assist municipalities as provided in this chapter.

29 (b) Notwithstanding any provision of law, to [TO] the extent that

1        any department or agency of the state [THE COMMISSIONER OF REVENUE] is  
2        the custodian of money payable to a municipality, at any time after  
3        written notice to the department or agency head [HIM] from the bond bank  
4        authority that the municipality is in default on the payment of princi-  
5        pal or interest on municipal bonds of the municipality then held or  
6        owned by the bond bank authority, the department or agency [COMMISSIONER  
7        OF REVENUE] shall withhold the payment of that money from that munici-  
8        pality and pay over the money to the bond bank authority for the purpose  
9        of paying principal of and interest on bonds of the bond bank authority  
10       [UNTIL THE AMOUNT OF THE PRINCIPAL OR INTEREST THEN DUE AND UNPAID HAS  
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19       each fiscal year, if the amount in the reserve fund is in excess of the  
20       required debt service reserve, any amount representing earnings or  
21       income received on account of money appropriated to the reserve fund  
22       which exceeds the operating expenses of the authority for that fiscal  
23       year shall be transferred to the general fund of the state.

24       \* Sec. 4. AS 29 is amended by adding a new chapter to read:

25       CHAPTER 59. OBLIGATIONS ISSUED ON BEHALF OF MUNICIPALITIES.

26                Sec. 29.59.010. AUTHORITY TO ISSUE OBLIGATIONS FOR SPECIFIED  
27       PURPOSES. (a) A home rule or general law municipality may establish  
28       a public corporation or other municipal instrumentality. This public  
29       corporation or other municipal instrumentality may issue obligations

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to provide the public facilities and services enumerated in AS 29.48.-  
030(a).

(b) The public corporation or other municipal instrumentality  
created under authority of (a) of this section shall be created and  
operated solely to provide one or more of the public facilities or  
services enumerated in AS 29.48.030(a).

\* Sec. 5. AS 29.13.100 is amended by adding a new paragraph to read:

(37) AS 29.59.010 (obligations issued on behalf of munic-  
palities)

\* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
070(c).

Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/15/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 674

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

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13 incurred in the discharge of their duties. Notwithstanding any other  
14 law, an officer or employee of the state need not [SHALL] forfeit his  
15 office or employment or [AND] any benefits by reason of his acceptance  
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19 bank authority, to carry out the purposes and policies of this chapter,  
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21 authority of municipal bonds of municipalities. Notwithstanding a home  
22 rule charter provision requiring public sale by a municipality of its  
23 municipal bonds, a municipality may sell its municipal bonds to the bond  
24 bank authority at a negotiated, private sale. The bond bank authority,  
25 for this purpose, may issue its bonds and notes payable solely from the  
26 revenues or funds available to the bond bank authority for such payment  
27 and may otherwise assist municipalities as provided in this chapter.

28 (b) Notwithstanding any provision of law, to [TO] the extent that  
29 any department or agency of the state [THE COMMISSIONER OF REVENUE] is

1 the custodian of money payable to a municipality, at any time after  
2 written notice to the department or agency head [HIM] from the bond bank  
3 authority that the municipality is in default on the payment of princi-  
4 pal or interest on municipal bonds of the municipality then held or  
5 owned by the bond bank authority, the department or agency [COMMISSIONER  
6 OF REVENUE] shall withhold the payment of that money from that municipali-  
7 ty and pay over the money to the bond bank authority for the purpose of  
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9 [UNTIL THE AMOUNT OF THE PRINCIPAL OR INTEREST THEN DUE AND UNPAID HAS  
10 BEEN PAID TO THE BOND BANK AUTHORITY, OR UNTIL THE COMMISSIONER OF  
11 REVENUE HAS BEEN ADVISED THAT ARRANGEMENTS, SATISFACTORY TO THE BOND  
12 BANK AUTHORITY, HAVE BEEN MADE FOR THE PAYMENT OF THE PRINCIPAL AND  
13 INTEREST].

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15 (h) All amounts received on account of money appropriated to the  
16 reserve fund referred to in (a)(3) of this section shall be held and  
17 applied in accordance with (b) of this section; however, at the end of  
18 each fiscal year, if the amount in the reserve fund is in excess of the  
19 required debt service reserve, any amount representing earnings or  
20 income received on account of money appropriated to the reserve fund  
21 which exceeds the operating expenses of the authority for that fiscal  
22 year shall be transferred to the general fund of the state.

23 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
24 070(c).

HB 674

HB 674

January 30, 1976

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to make amendments to AS 44.58 relating to the Municipal Bond Bank Authority.

Section 1 of the bill corrects a clerical error which persisted through all versions of the bill and which was eventually enacted as Chapter 79 SLA 75. AS 44.58.060 presents a direct conflict with AS 44.58.030 which specifically provides that the commissioner of revenue and the commissioner of community and regional affairs serve as ex officio directors of the authority. Surely the intent of the law was not to have the commissioner of revenue and the commissioner of community and regional affairs serve as directors and then forfeit their offices.

Section 2 provides that where municipal bonds owned by the authority are in default that any money in the hands of a state department or agency which are payable to the municipality would be instead paid directly to the authority to pay interest and principal on authority bonds. Since default on municipal bonds will jeopardize authority bonds, the provision for direct payment of money owed by the municipality to the authority is considered an equitable and efficient means of preventing a default on authority bonds. The financial advisor and the prospective underwriter of the Bond Bank Authority bonds advises that the bond rating services view such a provision as necessary in the Bond Bank Authority legislation to secure a bond rating of better than "medium grade."

Section 3 of the bill provides that the earnings on the reserve fund appropriation by the state which exceed the authority's operating expenses must be transferred at the end of each fiscal year to the general fund of the state. This amends the existing provision which

provides that all earnings on state appropriated funds must be automatically returned to the state at the end of each fiscal year. The provision contemplates that the authority would fund its operating expenses which are not directly associated with particular bond issues from earnings on the state appropriation. Amendment of the legislation in this regard would indicate to prospective bondholders that the state is committed to support the authority. It is contemplated that after attainment of a reasonable volume of bonds outstanding, the authority could operate without using earnings on the state appropriation.

Sincerely,

Jay S. Hammond  
Governor